

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

INTERNATIONAL ACADEMIC CITY
Gulan Street, Behind RT Bank
Erbil – Iraq

&

DR. SAQI BARZANI
MRF QUATRO
GULAN STREET, ERBIL-IRAQ

PLAINTIFFS,

V.

STRATFORD UNIVERSITY, INC.
SERVE: DANIEL E. INGERSOLL
REGISTERED AGENT
1775 WIEHLE AVE, SUITE 400,
RESTON, VA, 20190 - 0000, USA
dba
STRATFORD UNIVERSITY,
a subsidiary of Stratford University, Inc.

&

RICHARD R. SHURTZ
3319 Cranbrook Ct,
Oakton, VA, 22124

DEFENDANTS

Civil Case No. 1:20-cv-193

COMPLAINT

NOW COMES Plaintiff International Academic City (“IAC”) and Dr. Saqi Barzani, by counsel, and states in support of its Complaint against Stratford University, Inc. and its subsidiary Stratford University, (collectively “Stratford”) and Richard R. Shurtz as follows:

This a suit for breach of fraudulent inducement of contract, defamation, and tortious interference with contract and the substantial damages, that IAC has suffered due to Defendants' tortious actions.

PARTIES

1. Plaintiff IAC is an Iraqi corporation and is an educational company located in Erbil, Kurdistan, Republic of Iraq. Plaintiff Dr. Saqi Barzani is a dual United States and Iraqi citizen who resides in Erbil, Iraq. IAC brings suit under Counts I – V, and Dr. Barzani sues only for defamation in Counts I.
2. Defendant Stratford University, Inc. is a Virginia corporation and a for-profit university with principal office in Reston, Virginia. Defendant Stratford University has been identified by Stratford University, Inc. as its subsidiary and upon information and belief is a trade name of Stratford University, Inc.
3. Dr. Richard R. Shurtz is the President and founder of Stratford University and directed and personally participated in Stratford's tortious conduct, described herein.

JURISDICTION AND VENUE

4. This Court has diversity jurisdiction in this case under 28 U.S.C. § 1332 because complete diversity exists between the Plaintiff and Defendants and the amount in controversy exceeds \$75,000. Venue is proper in this Court under 28 U.S.C. § 1391. This Court has personal jurisdiction over this lawsuit because the underlying tortious conduct arose and occurred in this District.

OPERATIVE FACTS

5. In 2013, Stratford and Shurtz, and one of IAC's founders and its President, Dr. Saqi Barzani, briefly worked together to try to establish a branch campus of Stratford in Erbil,

Kurdistan under a predecessor company, Digital City. The parties briefly obtained a license to do so. However, due to unstable country conditions, the license expired and the parties did not continue their efforts for several years, although they stayed in contact periodically. After the defeat of ISIS, in 2018, Dr. Barzani and a new company he began, IAC, began renewed efforts to obtain a branch campus in Erbil, again working with Stratford to do so.

6. Stratford obtains its academic crediting through the national accrediting agency, Accrediting Council for Independent Colleges and Schools. (“ACICS”). In April 2018, ACICS placed Stratford University under a show-cause directive., and found numerous other non-compliance violations. **Ex. 1A, at p. 2, 4.** A show-cause directive is a step short of suspension or revocation of accreditation. In accordance to the ACICS Accreditation Criteria, any institution under show-cause directive cannot initiate or obtain approval for a new branch campus, a teaching center, or any new academic activities.
7. Pursuant to ACICS Accreditation Criterion # 2-2-104: Initiation of Additional Campus Activity: “An institution under a show-cause directive or a negative action will not receive approval from ACICS for the initiation of any branch campus while the action is in effect.” **Ex. 2.**
8. In May 2018, Defendant Stratford President Dr. Richard Shurtz and Stratford Vice President Feroze Khan started negotiation with IAC to open a Stratford branch-campus in Erbil, Iraq. These Defendants falsely led IAC to believe that it was fully accredited with ACICS and that such accreditation would cover Stratford’s branch campus in Erbil. Defendants fraudulently concealed the critical and material fact that it was under a April 2018 show-cause directive and other non-compliance violations, that prohibited Stratford

from obtaining approval for accreditation of a branch campus during the duration of the show-cause action. Defendant Schutz knew of Stratford's show-cause directive, and the material harm this would cause to IAC's branch campus, yet he willfully withheld this crucial information from IAC and its principals during the negotiation for the Erbil branch campus. Likewise, Defendants concealed a subsequent August 2018 show-cause directive against Stratford, **Ex. 1B at p. 3**, and multiple other ACICS adverse actions against Stratford that separately amounted to 107 non-compliance items.¹ Instead of

¹ For all adverse actions and show-cause directives against Stratford undisclosed to IAC see:

December 2019

Institutional Show-Cause Directive Issued

https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5dfd2f6130fd8b286b5c9b7d/1576873827554/00019411_Stratford-FC_RA-SC_Redacted.pdf

Institutional Compliance Warning Issued

https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5e0a18e881e14d1a253d6254/1577720041722/00239628_SAR_Stratford_CW.pdf

August 2019

Institutional Compliance Warning Continued

Stratford University (00019411), Falls Church, VA – Main Campus

Stratford University (00039666), Glen Allen, VA

Stratford University (00019413), Woodbridge, VA

Stratford University – Baltimore Campus (00108252), Baltimore, MD • Stratford University (00135520), Newport News, VA

Stratford University (00029108), New Delhi, Noida, India

<https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5d824829cf1e8a6558472956/1568819242208/Summary+of+August+2019+Council+Actions.pdf>

May 2019

Institutional Compliance Warning Issued

<https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5da608554b7872301823ba1a/1571162197472/Summary+of+April+2019+Council+Actions.pdf>

December 2018

Institutional Show-Cause Directive Continued

<https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5d8259a9acf68661e45a2d0c/1568823721565/Summary+of+December+2018+Council+Actions.pdf>

August 2018

Institutional Show-Cause Directive Issued

Stratford University (00019411), Falls Church, VA (Data Integrity)

<https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5d8259b85186f55aa75e7b7c/1568823736608/Summary+of+August+2018+Council+Actions.pdf>

May 2018

Institutional Show-Cause Directive Issued

Stratford University (00019411), Falls Church, VA (Student Achievement)

<https://static1.squarespace.com/static/5ce58a38738b880001909396/t/5d8259c58541c55a854003fa/1568823749377/Summary+of+April+2018+Council+Actions.pdf>

truthfully revealing these material problems, Dr. Shurtz publicly and falsely announced in Erbil that the branch campus was already accredited. See paragraph 12, *infra*.

9. The existence of the show-cause directive prohibiting Stratford from establishing branch campuses was an absolutely essential and crucial fact, fraudulently concealed by Defendants. IAC, as a foreign educational company, was unfamiliar with the intricacies of U.S. accrediting standards and practices. IAC reasonably relied upon Stratford and Shurtz, as the project advisor to IAC, to supply it with truthful, accurate, and complete information concerning accreditation of Stratford University and the application of accreditation to the Erbil branch campus.
10. Not only did Defendants actively conceal and fail to disclose the show-cause directive to IAC, they also directly and falsely misrepresented present and material facts to IAC. Defendants falsely that Stratford's full accreditation and good standing with ACICS would result in swift and full accreditation for the Erbil branch campus, which was a false representation entirely because Stratford was not in good standing with ACICS.
11. On or about July 27, 2018, IAC and Stratford entered into a preliminary joint venture agreement in which the entities would be affiliated to form a branch campus in Erbil to be named Stratford University of Kurdistan, **Ex. 3A**, and this preliminary joint venture agreement was later slightly modified to change the revenue Stratford would receive. **Ex. 3B**. With this slight change, the agreement was signed again in approximately March 2019. **Id.** This branch campus was a division of and owned by IAC. **Id.** Following the signing of the July 29, 2018 joint venture agreement, Shurtz followed up with a letter to

IAC on July 29, 2018 in which he confirmed that Stratford and IAC had formed a joint venture and that Stratford would establish a fully accredited branch campus, as part of the joint venture. **Ex. 4.** The parties at all times thereafter acted in complete accordance with the JV agreements established until ACICS began to investigate the Erbil branch campus, which Stratford failed to disclose, in September 2019. At no time did Shurtz or anyone else at Stratford alert IAC to existence of the April and August 2018 show-cause directives, and Defendants continued their misrepresentations that Stratford's good standing and accreditation with ACICS would quickly establish full accreditation for the Erbil branch campus.

12. Shurtz continued to make similar misrepresentations publicly during this time frame. In late July 2018, Shurtz was in Erbil to sign the initial joint venture agreement. Shurtz made press announcement of the Erbil branch campus that was covered by local media in Kurdistan, by Rudaw TV and the local newspaper Xebat. In his presentation to the media, IAC, and prospective students and parents, Shurtz proclaimed that the Erbil campus was fully accredited through Stratford. See (At minute 8:57 to end of video) https://www.youtube.com/watch?time_continue=4&v=Ot4z4f-sAAE&feature=emb_logo.

13. Stratford and IAC took immediate steps to open the branch campus in Erbil. With Stratford's full knowledge and input, IAC submitted a full branch-campus proposal, the catalogs of the officially requested majors and programs, and a joint board of Governance for the authorized approval by the Kurdistan Ministry of Higher Education and Scientific Research, as the laws of the Kurdistan Ministry stipulates. **Ex. 5A & 5B.** A full and unrestricted license for a branch campus was granted based on the proposal and approvals

submitted by the main campus through its President Richard Shurtz, and Vice President, Feroze Khan. **Ex. 6.** The license for the Stratford University branch in Erbil City, Kurdistan was granted on August 6, 2018. **Id.**

14. IAC moved quickly to start comprehensive course work, with Stratford's full consent, assistance, and endorsement in the form of closely supervised joint-hybrid delivery. In October and November 2018, Stratford assisted IAC in starting extensive business, math, English language and speech classes, statistics, ethics, programming and computing, and other coursework for the Erbil campus for the first semester students, which was expanded upon in the following semesters in 2019. **Ex. 7A-7G.** In September 2019, Stratford assisted IAC in implementing 8 additional classes in business, accounting, computer programming, and networking courses. **Ex. 8.** In total the students took 10 courses during 2018 and 2019 in business, mathematics, English accounting and statistics, programming and other related coursework. At all times in 2018 and through most of 2019, IAC and Stratford implemented a comprehensive course list for the Erbil students and the Erbil branch campus offered far more coursework than a language institute, as Stratford would later falsely claim after ACICS began investigating the Erbil branch campus.

15. For over a year and half in 2018 and 2019, the Erbil branch campus (in accordance to the misrepresented facts by Richard Shurtz in signed official documents, and publicly broadcasted videos and marketing material) was fully operational and IAC and its principals continued to believe it was a fully accredited branch campus, due to Dr. Shurtz's false representations. IAC operated the Erbil branch campus with the full support of the main Stratford Campus, delivering hybrid programs and majors (onsite

with online support) in accordance to the JV agreement established between the parties.

The Erbil campus had close to 300 students enrolled in the different approved academic programs and majors, with the full knowledge and approval of the Stratford University academic leadership, faculty and staff. English language and foundation courses were integral components of each of the offered majors and degrees, but the courses went well beyond that.

16. In the first year, students in two took 10 courses divided over 2 semesters and in the second year of the Erbil campus, students took 10 courses divided over 3 semesters. The coursework for the two years, including the current semester is as follows:

School of Science & Engineering

First year

First semester

1. FENG111 English Comprehension & Composition
2. ESL053- Presentations
3. FCIS110 Fundamentals of Computing
4. ESL062 Academic Reading and Writing
5. FMAT110 Fundamentals of Mathematics

Second semester

1. FENG 211 Oral Communications
2. FMAT 211 Statistics
3. FHUM 110 Principles of Ethics
4. FCIS103 Fundamentals of Information System
5. FENG 230 Advanced Composition and Research

Second Year

First Semester

1. BUS100 Introduction to Business
2. CIS131 Programming Fundamentals
3. CIS141 Hardware Fundamentals

Current Semester

1. CIS 130 Introduction to Databases
2. CIS133 Technical and Professional Communication
3. BUS120 Sales and Marketing

Third semester

1. CIS 207 Programming Languages
2. CIS 144 OS Architecture
3. CIS146 Fundamentals of Networking
4. CIS201 Fundamentals of IT Security

School of Business & International Business

First year

First semester

1. FENG111 English Comprehension & Composition
2. ESL053- Presentations
3. FCIS110 Fundamentals of Computing
4. ESL062 Academic Reading and Writing
5. FMAT110 Fundamentals of Mathematics

Second semester

1. FENG 211 Oral Communications
2. FMAT 211 Statistics
3. FHUM 110 Principles of Ethics
4. FCIS103 fundamental of information system
5. FENG 230 Advanced Composition and Research

Second Year

First Semester

1. BUS112 Principles of Accounting I
2. BUS100 Introduction to Business
3. BUS135 Principles of Management

Current Semester

1. BUS120 Sales And Marketing
2. BUS240 International Business
3. BUS200: Business Law

Third semester

1. BUS250 Principles of Economics
2. BUS220 Business Communications
3. BUS210 Human Resource Management
4. BUS235 Operations Management

17. The Erbil students take classes, business, law, programming, statistics, accounting, information systems, ethics, and numerous others that clearly demonstrate that the campus is not merely part of Stratford Language Institute. Stratford never had an agreement with Stratford Language Institute (which does exist as a separate Virginia company entitled Stratford University Language Institute, LLC) and indeed, if all IAC was attempting to establish was a language institute per its agreement with SLI, as Stratford falsely claimed, IAC would have had to obtain a license from the Ministry of Education in Kurdistan Regional Government (KRG), which regulates education from K-12, rather than the Ministry of Higher Education. The Erbil campus classes were jointly provided with Defendants' full knowledge, assistance and approval. The joint venture agreements have always been with Stratford University to establish a branch campus, not merely a language institute. It included foundation courses including English language courses, and credited courses in Math and Information Technology and other specific majors' courses. These foundational courses constituted mainly first year credit-courses at the bachelor level. Students are enrolled in the following approved majors, some of which are being offered by Stratford University at the Erbil Campus for the first time. First, a School of Business, Accounting and Finance, HR, Gas and Oil Management, and Business Administration. Second, a School of Computer Engineering offering Cybersecurity, Networking, Software, and Telecommunications. All of these majors were offered with Stratford's full knowledge, consent and assistance. Stratford University does not offer HR, Oil and Gas majors, and would not have the right to do so

without obtaining ACICS's specialized programmatic accreditors' prior review and approval. Yet despite assuring IAC that the Erbil campus was fully accredited and the classes were approved, Stratford never even informed ACICS of the campus' existence.

18. On or about September 19, 2019, ACICS started an investigation of the branch campus in Erbil. According to ACICS's accreditation criteria, a higher education institution is obliged to notify the accrediting agency prior to initiating or establishing of any new branch campuses, learning site, or academic activity. Additionally, an institution shall not initiate any academic activities including the establishment of a branch campus or a learning site while under any type of adverse action imposed of the accrediting agency, especially a show-cause directive.

19. In response to ACICS's September 2019 inquiry, Stratford began to misrepresent the Erbil campus and to claim that it was only associated with Stratford Language Institute, ("SLI") rather than a Stratford branch campus itself and that the Erbil campus could become separately accredited through Stratford Language Institute's accreditor, Commission on English Language Program Accreditation ("CEA"). This is highly misleading. CEA confirmed in a letter of February 20, 2020, that SLI is only accredited by CEA in its Falls Church Virginia and that other than that one location that SLI "has no accredited branch locations, whether domestic or international, that have any relationship with or approval by CEA." **Ex. 9.** Upon information and belief, Stratford only contacted CEA about possibly accrediting SLI after ACICS began investigating Stratford's unauthorized branch campus in September 2019. Prior to that investigation, Stratford had never claimed or considered the Erbil campus to only be a language institute, it was always known to all parties as a branch campus. ACICIS recounted Stratford's earlier

responses when it issued yet another Show-cause Directive to Stratford on December 19, 2019. **Ex. 15**, *supra*. Among other Stratford misrepresentations, the December 2019 Show-cause Directive recounts that in Stratford's first response to ACICS's investigation on October 19, 2019, Stratford claimed:

It was the institution's intent to submit an application for the branch campus in November 2019, prior to the Council's December meeting. However, the institution asserted that it does not have either a branch campus or learning site in Erbil. Rather, Stratford Language Institute (SLI) has a branch campus where a foundation ESL course would ensure a pool of qualified candidates when the Stratford campus was operational. Students who completed the two-year SLI program would be accepted into Stratford University "...either in the US, online. **Id.**

20. This statement was not true. There was never a separate agreement between the parties to establish a Stratford Language Institute, the agreements were at all times clearly stating the establishment of Stratford University fully accredited branch-campus. The original JV agreements referenced IAC being able to use both Stratford University and Stratford Language Institute brand names in Iraq, without mentioning any details about the Stratford Language Institute ownership, accreditation, or academic offerings. The Courses offered by Stratford University in Erbil included ESL, and many additional credited courses in Math, Business, Accounting, and IT, and many others. See paragraphs 16 and 17, *supra*. They were designed as part of the students' supposedly accredited majors and programs at the bachelor degree level, which Stratford University fully knew of and approved prior to ACICS 2019 show-cause directive. At no time prior the 2019 show-cause directive did Stratford ever attempt to claim that IAC could only operate Stratford Language Institute through accreditation separate and apart from ACICS.

21. While Stratford was being investigated for the Erbil campus, it failed to disclose the existence of ACICS's September 2019 investigation until approximately October 30, 2019. **Ex. 10.** At that time, Stratford told IAC about the ACICS investigation and asked IAC to change its online marketing postings and advertising for the campus to suggest that SLI completion was necessary for enrollment at Stratford University or for online courses, even though comprehensive hybrid courses were jointly being provided to the Erbil students for close to a year and half with Stratford's full knowledge and approval. Yet even then, Defendants failed to inform IAC about the earlier 2018 show-cause directive and other major non-compliance adverse actions against Stratford main campus and all of its other national and international campuses.
22. Stratford also took other steps to try to cover their tracks. In late October and early November 2019, Stratford created a Memorandum of Understanding (MOU) that it told IAC it would need to submit to ACICS for its branch application in order to try to lift the 2019 show-cause, but in reality, was meant to try to shift the blame to IAC. **Ex. 11** Stratford backdated the MOU to June 10, 2018 and submitted the backdated document to ACICS. As the emails attaching the drafts of the MOU demonstrate, the document never existed before late October and early November 2019. **Ex. 12A-12D.** Simultaneously, Stratford had Dr. Barzani sign an agent agreement with Stratford, which upon information and belief, Stratford also backdated to June 2018 and submitted to IAC. **Ex. 13A-13B.** Both of these documents were submitted in Stratford's initial response to ACICS's 2019 show-cause directive. **Ex. 14.**
23. IAC was misled to believe that these are important steps that were required to apply for the branch-campus accreditation. These two documents were presented along with a list

of other required documents that Stratford University requested from IAC at the same time, without disclosing the fact that these two documents were utilized to support the false representations Stratford made to ACICS. Not knowing how Stratford would try to use these documents, IAC felt compelled to go along with Stratford's attempts as they were convinced by Stratford University that these documents were needed to support the accreditation of the branch campus and to extricate Stratford and IAC from ACICS's investigation. IAC confirmed that the application would be submitted in November 2019 and Stratford promised it would be. IAC, represented by its President Saqi Barzani, still had full and unquestionable trust in the leadership of Stratford University to act in both Stratford and IAC's best interest. Because of this Dr. Barzani even sent them his official signature electronically to affix it on the requested agency and MOU documents, a signature which Stratford may be continuing to use without authorization. Yet, as events would soon reveal, Stratford's primary purpose in creating the sham MOU was to support the misrepresentation to ACICS that no branch campus existed and to try to pass the blame onto IAC for supposedly not establishing a JV and offering classes beyond Stratford Language Institute, even though the parties had long been acting under a JV since mid-2018, and agreed upon and approved the coursework offered to the Erbil students.

24. In November and December 2019, Stratford first began to try to pass blame on IAC, claiming its online advertising on Facebook was causing ACICS to threaten to shut down all accreditation of Stratford University, and all of its campuses, even though Stratford knew of, assisted in creating, and fully approved such marketing efforts prior to the start of ACICS's 2019 investigation.

25. Finally, on December 19, 2019 ACICS issued a second show-cause directive to Stratford addressing the unauthorized Erbil campus and other unrelated Stratford violation on other campuses. **Ex. 15.** Dr Shurtz emailed IAC the same day, notifying Dr. Barzani about the new show-cause directive and blaming IAC for it. **Ex. 16.** After Stratford told IAC about this new 2019 show-cause investigation, IAC investigated further and found out on its own that Stratford had been under a show-cause directive in 2018 when the parties entered into their joint venture, as well as many other previous show-cause directives. IAC was shocked to discover Stratford had concealed that critical fact from IAC when they entered into the JV agreement and for their entire business relationship.
26. Given Stratford's misrepresentations, fraudulent inducement, and attempts to pass blame, IAC sent a letter on December 27, 2019, through its legal counsel, to Stratford and ACICS. The letter formally disaffiliated IAC from Stratford but asked both ACICS and Stratford to not interfere with IAC's students and their continuing education since the Erbil campus was a division of and owned by IAC. IAC instead asked for a reasonable transition period and teach out period for the students. **Ex. 17.**
27. ACICS and Stratford ignored IAC's requests in the December 27 letter. Instead, over IAC's strenuous objections pointing out Stratford's previous fraudulent conduct in emails on both January 4 and January 6, **Ex. 18**, Stratford began a series of willful and reckless defamatory communications sent directly to IAC's Erbil students, causing panic, distrust, and widespread withdrawal of many of the students.
28. First, on January 6, 2020, and over IAC's objections, see **Exs. 17-18**, Dr. Shurtz sent the following false and defamatory email to all of the Erbil campus students:

From: Corporate Communications <corporatecommunications@stratford.edu>

Date: January 6, 2020 at 7:45:47 AM EST

To: Richard Shurtz <rshurtz@stratford.edu>
Subject: Erbil Stratford Language Institute Update

Dear Students,

Stratford University established a partnership with International Academic City (IAC) in June of 2018. This partnership authorized the operation of Stratford Language Institute in Erbil. Stratford University only authorized the delivery of English as a Second Language (ESL) and academic Foundation courses. Our goal was to eventually establish a fully-accredited campus of Stratford University. At the current time, the Erbil campus is not accredited by the Accrediting Council for Independent College and Schools ("ACICS"), and is not a Stratford University Campus.

Our local partners, International Academic City (IAC), never established the proper Joint Venture Corporate structure to be an accredited institution. Rather than comply with ACICS requirements, IAC formally disaffiliated with Stratford University via letter sent to ACICS on December 27, 2019. Therefore, we cannot continue with this partnership due to misalignment with US accreditation requirements. Effective today, all access to our IT resources will be terminated and your education will be under the full control and authority of IAC, per the termination of the partnership.

We realize you may have questions related to this communication; therefore, we suggest you speak to your campus leadership. We wish you the best of luck in your continued studies with IAC.

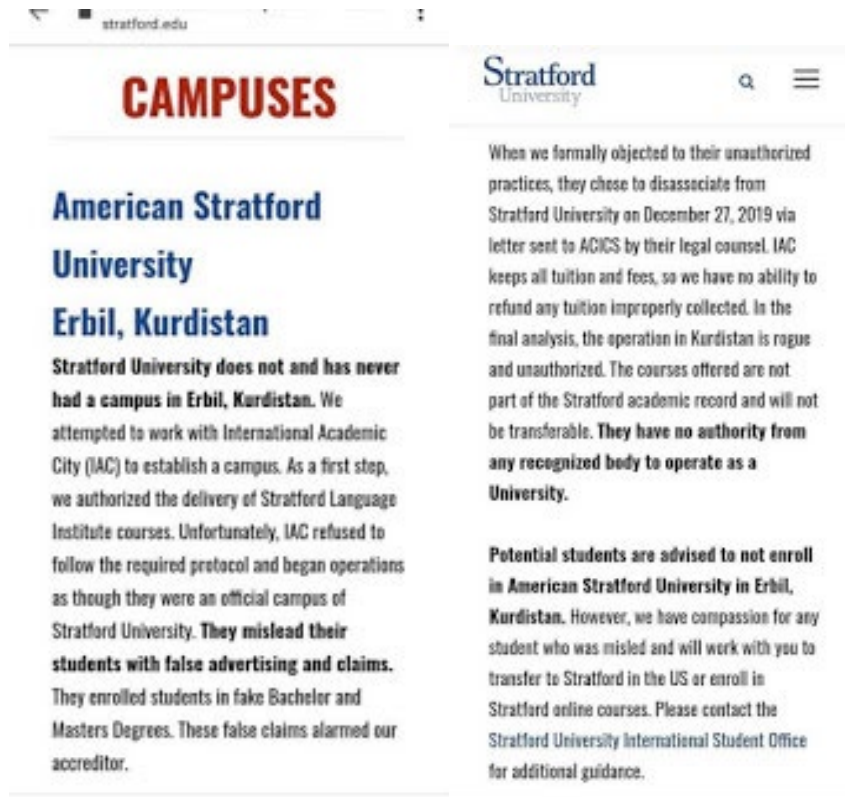
Sincerely,

Richard R. Shurtz, President
Stratford University

29. The misrepresentations and defamation contained in this email are myriad, all of which irreparably damaged IAC's relationships with its students, and directly impugned IAC's business reputation, including its honesty, credit, credibility, efficiency, and its good standing in the educational community. First, Shurtz and Stratford falsely claimed that Stratford only endorsed – and IAC only agreed to – a Stratford Language Institute, when in fact, there is overwhelming evidence that Stratford knowingly authorized, endorsed, and assisted IAC in establishing comprehensive coursework in business and programming and other courses well beyond SLI for the Erbil students. Second,

Stratford stated the Erbil was not accredited and was not part of Stratford University, despite, Schurz's videotaped misrepresentation claiming that the school was fully accredited. Likewise, Schurz's January 6 email failed to truthfully state Stratford intentionally and fraudulently concealed from IAC the fact that it was under a show-cause directive in 2018 and was not allowed to open a branch campus. Third, Shurtz and Stratford falsely defamed IAC for the lack of accreditation (rather than truthfully admitting their 2018 show-cause directive as the real cause) by claiming that IAC failed to establish the proper Joint Venture Corporate Structure. These false and defamatory statements are discredited by Stratford's own admissions that the joint venture was established in 2018. **See Exs. 3 & 4.** Upon information and belief, Stratford made these false statements to extricate itself from the ACICS show-cause directive and to maliciously and willfully injure its partner by passing the blame to IAC for Stratford's own misconduct.

30. Stratford, however, was not content with merely one defamatory communication to the Erbil students. Shortly after the January 6, 2020 email, Stratford and Shurtz posted the following communication on Stratford's website to the Erbil students, which upon information and belief, was also sent to inquiring students or other parties by email. Virtually every sentence of this communication was false, misleading, and defamatory.



31. If anything, the defamation in this communication is even more malicious and damaging than the first communication. With no basis whatsoever other than to attempting to hurt its former partner and cover up its own misconduct, Stratford and Shurtz falsely claimed:

(1) Stratford University never had a campus in Erbil, despite their JV agreement establishing a branch campus, and the Minister of Higher Education and Scientific Research's statement that a branch campus was established and Stratford's full knowledge and consent to the branch campus for a year and half. (2) Defendants falsely claimed that IAC refused to follow proper protocol and incorrectly began operations as an official Stratford University campus. These statements were false because Stratford knew of and wholly approved IAC's actions throughout the entire joint venture. Stratford only self-servingly tried to claim the Erbil campus was only a SLI when ACICS began

investigating in September 2019 due to Stratford's failure to identify the campus to ACICS and its fraudulent concealment and omission of the 2018 show-cause directive from IAC. (3) Defendants made further enormously damaging and malicious defamatory statements, falsely claiming that IAC mislead its students with false advertising and provided them with fake Bachelor's and Master's degrees, falsely claiming that IAC refused to change its unauthorized practices; falsely claiming that IAC kept tuition that was improperly collected; falsely claiming "the operation in Kurdistan is rogue and unauthorized;" and maliciously harming IAC by advising potential students to not enroll with IAC and instead soliciting IAC's Erbil students to join Stratford University's campus or online courses.

32. In conjunction with and support of these defamatory statements, Stratford has posted the following false and misleading information on the disclosures section of its website.

ACICS DISCLOSURE

ACICS Show-cause Directive Notification

Stratford University has been directed to show-cause due to **unapproved branch activity** by our accreditor, the Accrediting Council for Independent College and Schools ("ACICS"). This show-cause directive requires us to notify our current and prospective students.

This show-cause directive was not issued in relation to any academic or administrative operations at our US based campuses, and no student's ability to receive their Stratford University degree will be affected because of this show-cause directive. Stratford University did not engage in unapproved branch activity in Erbil, and will be filing its response to the show-cause shortly.

Our current grant of accreditation has been extended until May 31, 2020. Over the next few months, Stratford University is committed to ensuring that all reaccreditation criteria are met, and that any area of noncompliance related to the site in Erbil, Kurdistan are satisfied.

We realize that you may have questions related to this directive issued by ACICS. Inquiries can be directed to compliance@stratford.edu.

33. As IAC and its legal counsel began to challenge Defendant's defamation and demanded a retraction, counsel for Stratford made it clear they would rely upon the backdated MOU to manufacture and impute blame on IAC for supposedly not establishing a JV and offering classes beyond SLI, all of which are patently false, since the MOU did not in fact even exist until November 2019.

COUNT I – DEFAMATION AND DEFAMATION PER SE

34. Defendants Stratford and Shurtz made willfully malicious and knowingly false written statements which have severely and irreparably damaged IAC's business reputation in Kurdistan and throughout Iraq and the Middle East. The Erbil campus is in the process of shutting down and almost certainly will have to be shut down completely in the near future. In this conservative area of the world, slanderous and false statements made against IAC and imputed against its President and owner Dr. Saqi Barzani, have severely discredited their reputations and ability to obtain future business. At all times, Shurtz personally authored these defamatory statements and directed the defamatory statements be submitted in Stratford University's name. Many Erbil students have quit their coursework and widely spread Defendants' false statements about IAC and the Erbil statements. IAC has suffered a severe setback in its reputation and ability to work with other institutions to offer educational coursework due to Defendants' rampant defamation. Defendants' statements cast false aspersions on IAC's honesty, credit, efficiency and standing in the educational field.
35. Defendants' defamatory statements about IAC are also of and concerning Dr. Saqi Barzani. IAC is a relatively small company and Dr. Barzani is known by the students,

their parents, the teachers, and the educational community as the owner and face of IAC and its Erbil campus. Based on Defendants' false and defamatory statements, parents, students, teachers, and others in the educational community have directly called Dr. Barzani a liar, a cheat, and a scammer, who presented them with a fake university, all of which is false and directly due to Stratford's false and defamatory statements listed above. Accordingly, Dr Barzani also sues Defendants for his own loss of reputation based on their defamatory statements.

36. Defendants both acted with actual malice in making these false statements. Defendant Shurtz directed and personally wrote and signed the defamatory statements, with knowledge of their falsity. Defendants made their false statements with knowledge that they were false or with reckless disregard of whether or not they were false. As evidenced by the exhibits in this case, Defendants were fully aware of and approved the joint venture agreement, were fully aware of and approved the full coursework offered by IAC to its students, and were fully aware of and approved IAC's referencing itself as a branch campus of Stratford University. Likewise, Shurtz falsely stated on video to IAC and its students that the Erbil campus was fully accredited. **See Exs. 2 – 8 and video link.**

37. Accordingly, IAC seeks compensatory damages and lost profits, and statutory interest against both Defendants as delineated in its *ad damnum* provision and punitive damages of up to \$350,000 against both Defendants for their maliciously false statements.

COUNT II – FRAUDULENT OMISSION AND CONCEALMENT

38. Stratford, by and through the actions and direction of Defendant Shurtz, deliberately concealed and omitted a material fact to induce IAC to enter into its business relationship

with Stratford. Defendants fraudulently and intentionally concealed and failed to disclose the fact that Stratford was under a 2018 show-cause directive and other serious non-compliance violations from ACICS when it entered into its relationship with IAC and thus could not open a branch campus or obtain accreditation for the Erbil campus, despite its false promises to IAC that the Erbil campus would be a branch campus and that it would extend its accreditation to the Erbil campus. Both Defendants knew or should have known that IAC was acting on the reasonable assumption that no adverse facts like ACICS's 2018 show-cause directive existed which would prevent accreditation and the establishment of the branch campus. IAC would never have entered into any kind of agreement or affiliation with Stratford had Defendants truthfully disclosed this materially adverse fact.

39. IAC reasonably and justifiably relied upon Stratford's and Shurtz's repeated assurances that Stratford had full accreditation which extended to the Erbil campus and that Stratford had the right and ability to open the Erbil campus as a branch campus of Stratford. Stratford University is a long-established educational institute with multiple branches and IAC reasonably relied upon Stratford's statements about its own accreditation status and ability to open a branch campus. IAC had no reason to believe that Stratford was concealing materially adverse facts, and as shown by numerous records, IAC and its leadership had full trust and unquestionable trust in Stratford and its leadership.
40. All of the damages IAC has suffered would have been avoided if Defendants would have simply told the truth and not concealed material facts. Had the facts been disclosed, IAC would not have entered into a business relation with Stratford, would not have been caught up in Stratford's ongoing violations and show-cause directives, and would not

have suffered Defendants' crippling defamation. Accordingly, IAC seeks compensatory damages and lost profits against both Defendants as delineated in its *ad damnum* provision, punitive damages of up to \$350,000 against both Defendants for their maliciously false statements, statutory interest, and reasonable attorney's fees and costs in the Court's discretion under *Prospect Development Company, Inc. v. Bershader*, 258 Va. 75, 92 (1999).

COUNT III – FRAUDULENT MISREPRESENTATION

41. Not only did Defendants conceal the 2018 show-cause directive, they actively misrepresented present and material facts to induce IAC to enter into the JV agreement. Defendants affirmatively told IAC that ACICS accreditation applied to IAC's Erbil campus and falsely told IAC that its campus would be a Stratford branch campus. Likewise, Shurtz affirmatively and falsely claimed in the previously referenced videotaped press conference that the Erbil campus as fully accredited just like all of Stratford's other branches.
42. All of the damages IAC has suffered would have been avoided if Defendants would have simply told the truth and not misrepresented material facts. Had the facts been disclosed, IAC would not have entered into a business relation with Stratford, would not have been caught up in Stratford's ongoing violations and show-cause directives, and would not have suffered Defendants' crippling defamation. Accordingly, IAC seeks compensatory damages and lost profits, and statutory interest against both Defendants as delineated in its *ad damnum* provision and punitive damages of up to \$350,000 against both Defendants for their maliciously false statements, and reasonable attorney's fees and

costs in the Court's discretion under *Prospect Development Company, Inc. v. Bershader*, 258 Va. 75, 92 (1999).

COUNT IV – TORTIOUS INTERFERENCE WITH CONTRACT

43. Defendants tortiously interfered with IAC's contractual relationship with the students at the Erbil campus. IAC, had a valid contractual relationship with students and business expectancies with prospective students. Defendants knew of IAC's contractual relations with the students and intentionally interfered with those relationships utilizing improper and unlawful methods, with their defamatory communications to the students, and fraudulent misrepresentations of the truth, and sharp dealing and unethical business practices, in attempting to blame IAC's for their misconduct and to convince students to leave their Erbil classes and take coursework directly with Stratford. Shurtz actively and personally directed and participated at all stages of Stratford's unlawful interference actions.

44. IAC has thus far lost its students (as it seeks to transfer them to other institutions) and suffered associated damages. Accordingly, IAC seeks compensatory damages and lost profits against both Defendants as delineated in its *ad damnum* provision, statutory interest, and punitive damages of up to \$350,000 against both Defendants.

COUNT V – BREACH OF CONTRACT – STRATFORD UNIVERSITY ONLY

45. Independent from tortious actions, Stratford breached the initial and final JV agreements, **Exs. 3A-B & 4**, which promised that Stratford would establish an Erbil branch campus that was fully accredited in exchange for payment of royalties and percentages of gross revenue. Despite taking revenue payments from IAC, **Ex. 19**, Stratford has failed to meet its contractual obligations at any point in time, instead hiding the evidence that it had

never fulfilled its contractual promises. Accordingly, IAC seeks compensatory damages, and pre-judgment and post-judgment interest at Virginia's statutory rate, and reasonable attorney's fees and costs.

AD DAMNUM

WHEREFORE, IAC and Dr. Barzani (for Count I) seeks compensatory damages of at least \$10,468,000 consisting of all its investments and time as laid out below, and its present and future lost profits; additional compensatory damages for its loss of reputation and loss of contracts at an amount to be determined; punitive damages of up to \$350,000 for Defendants' tortious actions and breach of contract as delineated below and statutory interest of six percent.

Item	Rationale	Amounts
Initial Consultancy for License and Project Initiation	4 consultants for one year. \$120,000 x 4	\$500,000
License cost	Proposal cost and License fees.	\$250,000
Leasehold Improvement	Modification of leased building to fit the purpose of a higher education facility / with receipts	\$385,000
Furniture	Classrooms, Lecture Halls, Mini Auditorium, Offices and Labs, dining hall.	\$490,000
Technology Equipment	2 Labs/ Testing Rooms / Offices	\$90,000
Air-conditioning and Electric Generators	1. Entire building 2. 2 Generators	\$155,000
Marketing	TV, Printed material and online	\$550,000
Loss of Plaintiffs' Reputation	Defamatory Statements of Defendants	Compensatory damages TBD
Loss of Profit 2019 / 2020	Bases in 5x growth between first and second year, halting all marketing efforts at a crucial time which is end of October in Iraq, IAC estimated the enrollment of at least 1,200, it ended up with 300 students (there is a high demand for Higher Education in Iraq.	\$1,440,000
Loss of Potential Profit	University was growing at a very fast pace, and over the next 5 years, we	\$6,000,000

	could have more than 5000 students enrolled	
Travel Expenses		\$78,000
Closure Consultancy	3 consultants at @20,000 per month for 3 months.	\$180,000
Punitive Damages		\$350,000
General Total		\$10,468,000

JURY DEMAND

IAC hereby requests a trial by jury of these matters.

Dated: February 24, 2020

Respectfully submitted,
/s/ Stephen J. Stine, Esq.
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